

EXHIBIT A
TO ENGSTROM
DECL.

From: Engstrom, Shruti D.
Sent: Thursday, September 10, 2020 11:18 AM
To: Haralson, Cy
Cc: Ellison, John N.; Bmartin@thompsoncoe.com
Subject: Canal v. P66

Cy,

I'm writing about Judge Bennett's order of September 8, 2020 granting P66's Motion for Partial Summary Judgment as to Counts I and IV of its counterclaim. Under the order, P66 is entitled to its underlying defense fees and expenses, as well as the 18% statutory penalty and Reed Smith's fees under the Texas Prompt Payment Act.

I informed you on June 30, 2020 that P66's outstanding defense fees and expenses total \$171,455. In addition, Reed Smith's fees are now \$121,775. Based on Judge Bennett's order, P66 believes that Canal owes the 18% statutory penalty from as least as early as March 18, 2019 when Canal denied P66's claim, although the clock arguably could have started earlier because Canal failed to provide its denial until four months after it acknowledged P66's claim. Based on a March 18, 2019 denial date through August 8, 2020, Canal owes P66 \$43,037.55 in interest penalty, which will continue to accrue until payment of the outstanding defense costs is made (as well as Reed Smith's bills). Accordingly, P66 seeks confirmation that Canal will pay the full amount of outstanding defense fees & expenses, Reed Smith's fees & expenses and the penalty under the Texas Prompt Payment Act. I note that Count V of the P66's counterclaim seeking damages for violation under Chapter 541 of the Texas Insurance Code remains open. As Canal's liability on the duty to defend and the Texas Prompt Payment Act has become reasonably clear, Canal faces significant exposure if it either delays or fails to confirm and pay as requested. Please confirm by September 21, 2020 whether Canal intends to pay P66 by check or wire transfer.

Shruti D. Engstrom
+1 215 851 8167
sengstrom@reedsmith.com

Reed Smith LLP
Three Logan Square
Suite 3100
1717 Arch Street
Philadelphia, PA 19103
+1 215 851 8100
Fax +1 215 851 1420

Disclaimer Version RS.US.201.407.01